

**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT  
OF  
INDIANA ADJUTANT GENERAL  
STATE OF INDIANA  
March 1, 2002 to April 30, 2004





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#### AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Adjutant General	Major General George A. Buskirk, Jr.	11-05-01 to 03-10-04
Adjutant General	Major General R. Martin Umbarger	03-11-04 to 01-10-05



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANA ADJUTANT GENERAL

We have reviewed the receipts, disbursements, and assets of the Indiana Adjutant General for the period of March 1, 2002, to April 30, 2004. Indiana Adjutant General's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Adjutant General are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

June 10, 2004

INDIANA ADJUTANT GENERAL  
REVIEW COMMENTS  
April 30, 2004

SDO ACCOUNT

Reconciliations

The Indiana Adjutant General has not performed reconciliations of its Special Disbursing Officer (SDO) advance in a timely manner.

Two reconciliations must be performed for the SDO fund each month. The bank statement for the checking account must be reconciled to the check register. Also, the check register must be balanced to the total SDO advance. These reconciliations must be formally documented. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

Excessive Advance

The SDO balance never dropped below \$400,000 during the months tested. The total SDO is \$500,000, therefore, the SDO advance could be less.

If a SDO advance is not used within one or two months then the SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

Document Retention

The Indiana Adjutant General receives only a copy of the front of checks written on the SDO account. Since the back side of a cancelled check normally includes endorsements, encoding and bank certifications, both sides of the check are a part of the public record. Therefore, both sides of an optical imaged check should be available for public inspection and audit.

Indiana Code 5-15-5.1 requires that all public records of state government be maintained in compliance with a records retention schedule approved by the Oversight Committee on Public Records.

STATE-OWNED VEHICLES

As stated in our prior reports (B18687 and B14872), we noted that the motor pool logs were not consistently completed.

In order for an agency to monitor vehicle use, the driver must complete the vehicle logs properly. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 11)

INDIANA ADJUTANT GENERAL  
EXIT CONFERENCE

The contents of this report were discussed on October 13, 2004, with Major General R. Martin Umbarger; and retired Colonial David Shorter. The official response has been made a part of this report and may be found on Pages 6 through 11.



REPLY TO  
ATTENTION OF

**STATE OF INDIANA  
MILITARY DEPARTMENT**

OFFICE OF THE ADJUTANT GENERAL  
2002 SOUTH HOLT ROAD  
INDIANAPOLIS, INDIANA 46241-4839

JFHQ-IN-CO

20 October 2004

MEMORANDUM FOR State Board of Accounts, ATTN: Mr. John Rihm, 302 W. Washington Street, Room E418, Indianapolis, Indiana 46204-2765

SUBJECT: Audit, Indiana Adjutant General, 13 October 2004

1. Reference Indiana Adjutant General audit results and comments out briefed to Major General R. Martin Umbarger on 13 October 2004 by Mr. John Rihm.

2. The following rebuttal concerning several issues is hereby forwarded.

a. Excessive SDO Advance. This Agency reduced the SDO Advance \$100,000 from \$500,000 to \$400,000. Reference attached document from Karen Sluder, Office of Auditor of State for verification. This office will also continue to review the SDO account on a semi-annual basis to determine if the SDO account can be further reduced.

b. SDO Reconciliations and Document Retention. Emphasis has been put in place to fix these two items. Due to only one employee in place to perform the SDO reconciliations, the Accounting Supervisor and Staff Auditor will conduct the reconciliations when the SDO employee is absent, sick or on vacation. This is an in-house problem which will be readily fixed. The issue of copying both sides of the checks is resolved. The bank will provide us with front and back side copies of all checks, plus provide us with internet service to review the checks.

c. Motor Pool Logs not consistently completed. Command emphasis is being placed on this issue. The Agency Motor Pool/Transportation Officer will advise the Agency Controller of any issues during month end close outs and verifications.

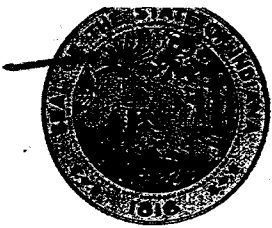
3. Point of Contact for additional information is the undersigned at telephone number 317-247-3254.

DAVID T. SHORTER  
COL, (AUS, Retired)  
State Controller

CF:

Major General R. Martin Umbarger  
Colonel Wayne Hill





**STATE OF INDIANA  
MILITARY DEPARTMENT**

OFFICE OF THE ADJUTANT GENERAL  
2002 SOUTH HOLT ROAD  
INDIANAPOLIS, INDIANA 46241-4839

REPLY TO  
ATTENTION OF

JFHQ-IN-CO

30 July 2004

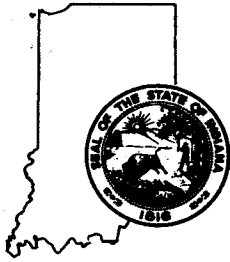
MEMORANDUM FOR Sue Holland, Procurement Division, Department of  
Administration, Room 468, 402 W Washington St,  
Indianapolis, IN 46204

SUBJECT: Request Written Guidance on Reduction of SDO Advance

1. The Adjutant General's Department has a total of \$500,000.00 of SDO Advanced funds.
2. During a compliance audit by the State Board of Accounts, our agency was asked to reduce the amount of our SDO advance. We would like to reduce our advance funds by \$100,000.00 at this time.
3. Request written guidance for proper procedures for reducing the amount of our SDO Advanced funds.
4. Point of contact this issue is Ms. Kami Woods at telephone number 247-3257 or email [kwoods@ago.IN.gov](mailto:kwoods@ago.IN.gov). Thank you for your help in this matter.

  
DAVID T. SHORTER  
COL, AUS Ret  
Controller

CF:  
JFHQ-IN-CO, Ms. Woods



# *Auditor of State*

*Connie Kay Nass*

TELEPHONE (317) 232-3300  
FACSIMILE (317) 232-6097  
<http://www.ai.org/auditor>

September 1, 2004

Kami Woods  
SDO Officer  
Agency #110

RE: Advance Decrease

Dear Kami:

The Auditor of State's office has processed your SDO advance decrease. Please send a check made payable to the Auditor of State for the decreased amount (\$100,000.00) to my attention. Once the check is received, the money will be deposited back into your general fund. Please contact me at (317) 233-3199 if you have any questions or concerns.

Sincerely,

Karen Sluder  
Business Manager

Enclosure



# AUTHORITY FOR LOCAL PURCHASES

State Form 47911 (Rev. / 4-03)

Approved by the Auditor of State and State Board of Accounts, 2003

Authority Number:	
LP#	4685
Fund Center Number:	
1000/101100	
State Agency Name:	
ADJUTANT GENERAL'S DEPARTMENT	
Agency Number:	
110	
Amount of SDO Advanced:	
\$0.00	(-100,000.00)

Pursuant to authority vested in me by Indiana Code 4-13-2-20,  
**Mg R. Martin Umbarger** s designated  
by the head of the State Agency named hereon, is hereby  
authorized to purchase directly from vendors in the expenditure  
classifications as detailed below; provided that this  
authority to purchase directly shall not extend to any expenditure  
classifications not specifically named hereon; provided that such  
purchases shall be made and reported in accordance with  
Indiana Code 4-13-2-20 and other statutes pertaining hereto; and  
provided further that such purchases shall be settled for in the  
manner hereon prescribed by the Auditor.

Commissioner, Department of Administration

Date

*Myra J. Wilson*

8/25/04

Per Financial Management Circular 96-3, the State Budget Agency  
delegates to the Department of Administration the approvals  
required by IC 4-13-2-20 for the appointment of Special Disbursing  
Officers and the related dollar limits set.

Pursuant to authority vested in me by Indiana Code 4-13-2-20,  
**Kami L. Woods** s designated by the head  
of the State Agency named hereon, is hereby designated as Special  
Disbursing Officer with authority to disburse money in the settlement  
of all claims on purchases made in accordance with the authorization  
hereon granted by the Commissioner of the Department of  
Administration. Such authority to disburse money shall not extend  
to the settlement of any claims whatsoever against the State other  
than those provided for hereon. Funds will be made available to the  
above named Special Disbursing Officer by way of a Direct Deposit  
Account in the name of the State Agency to be used exclusively for  
authorized purchases. Said account may be reimbursed as  
necessary for any amounts expended in accordance with the  
above upon the submission by the Special Disbursing Officer of  
authenticated vouchers approved by the Commissioner of the  
Department of Administration and the Auditor of State. The Special  
Disbursing Officer named hereon shall be accountable at  
all times for all sums advanced to said account and shall be  
personally liable to the State for any amounts expended in any  
manner not in accordance with this authorization and approved  
policies.

Auditor of State

Date

*William B. Latta*

8/27/04

This authorization is limited to the purchase of and settlement for the following articles and commodities only.

## Local Purchase Authority for Major Object Points

.1 .2 .3 .4 .5 .6 .7 .8 .9  
Please circle all that apply

Single Purchase Limit: 2 \$125,000.00  
3 \$5,000.00 4 \$5,000.00 5 \$5,000.00  
8 \$1,000.00 9 \$2500.00  
Total of SDO Advanced: \$400,000.00

Procurement and Travel Card Single Purchase Limits are  
defined on each Cardholder's Account Maintenance Form.

P-Card Single Purchase Limit: \$ N/A

T-Card Single Purchase Limit: \$ N/A

046945

Vendor Company Name			Vendor Number	Vendor Phone #	Check Date	Check No.
AUDITOR OF THE STATE OF INDIANA			001001	317-233-3199	09/20/04	46945
Invoice Number	Inv. Date	Reference	Invoice Amount	Total Paid	Discount/Adj	Payment Amount
SE05-0011	09/01/04		100000.00	100000.00	0.00	100000.00
TOTAL			100000.00	100000.00	0.00	100000.00

STATE OF INDIANA  
 ADJUTANT GENERAL'S OFFICE  
 UTILITY ACCOUNT  
 2002 S. HOLT RD.  
 INDIANAPOLIS, IN 46241-4839

UNION FEDERAL SAVINGS BANK  
 Indianapolis, Indiana 46204  
 20-7048-2740

NO. 046945

46945

PAY

Sum of One Hundred Thousand and 00/100 Dollars

DATE

AMOUNT

09/20/04

\$100,000.00

TO THE  
ORDER  
OF

AUDITOR OF THE STATE OF INDIANA  
 200 W WASHINGTON ST., RM 240  
 INDIANAPOLIS, INDIANA 46204-2793

⑈046945⑈ ⑆274070484⑆ 590091441⑈

STATE OF INDIANA

Vendor Company Name			Vendor Number	Vendor Phone #	Check Date	Check No.
AUDITOR OF THE STATE OF INDIANA			001001	317-233-3199	09/20/04	46945
Invoice Number	Inv. Date	Reference	Invoice Amount	Total Paid	Discount/Adj	Payment Amount
SE05-0011	09/01/04		100000.00	100000.00	0.00	100000.00
TOTAL			100000.00	100000.00	0.00	100000.00

## REPORT OF COLLECTIONS / RECEIPTS (DUE TREASURER OF STATE)

**State Form 14311 (R2 / 12-02)**

**Approved by State Board of Accounts, 2002**

**Approved by Auditor of State, 2002**

**FOR TREASURER USE ONLY**

422589 SEP 21 '04

[illegible]

Currency		
Silver		
Checks	100,000	00
Deposits		
Wire Transfers		
Lock Box		
Debts		
Credits		
ACH		
TOTAL	100,000	00

Prepared by:

Karen Swader

Date prepared:

Preparer's telephone number

09/21/04

33199

I certify that this report is true and correct to the best of my knowledge and belief.

Signature of agency official or designee

Signature of agency official or designee  
Wanda A. Armstrong  
Name of state agency

Title
-------

Dir A/P 9-21-04

Name of state agency

Auditor of State

Agency number

050

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